

Message Text

UNCLASSIFIED

PAGE 01 MILAN 00758 311504Z

53

ACTION EUR-06

INFO OCT-01 ISO-00 EB-05 DRC-01 RSC-01 /014 W

----- 103052

R 311350Z MAY 74

FM AMCONSUL MILAN

TO SECSTATE WASHDC 3610

INFO USDOC WASHDC

AMEMBASSY ROME

UNCLAS MILAN 0758

E.O. 11652: N/A

TAGS: BEXP BTRA IT

SUBJECT: MEMBERS OF ITALIAN ASSOCIATION OF SCIENTIFIC AND
SURGICAL INSTRUMENTS VOTE TO SUSPEND SALES TO
HOSPITALS

COMMERCE FOR LINDSTROM-228

1. ACCORDING TO "SOLE 24 ORE" OF MAY 29, A MAJORITY OF THE MEMBERS OF ASTRU (ASSOCIAZIONE ITALIANA STRUMENTI SCIENTIFICI E CHIRURGICI - ITALIAN ASSOCIATION OF SCIENTIFIC AND SURGICAL INSTRUMENTS) VOTED IN AN EXTRAORDINARY MEETING IN MILAN ON MAY 28 TO SUSPEND THE FURTHER SUPPLY OF THEIR PRODUCTS TO HOSPITALS IF NEW PAYMENTS PRACTICES ARE NOT ADOPTED. ASTRU IS CLAIMED TO BE SEEKING ACCEPTANCE OF PAYMENT TERMS OF 50 PERCENT ON ORDER AND REMAINDER UPON DELIVERY. ASSOCIATION ALSO REPORTEDLY SEEKING TOTAL PAYMENT OF ALL OUTSTANDING DEBTS BY HOSPITALS, OR, FAILING THAT, THE PAYMENT OF ALL DEBTS PRIOR TO JUNE 30, 1973. SUSPENSION REPORTEDLY TO TAKE PLACE IMMEDIATELY, OR IN NO EVENT LATER THAN JUNE 15.

2. "SOLE" ARTICLE STATES THAT ASTRU TOOK THIS ACTION BECAUSE IN ADDITION TO THE LIQUIDITY PROBLEMS CAUSED BY THE ALREADY WELL KNOWN DELAYS IN PAYMENTS BY HOSPITALS (18 TO 24 MONTHS DELAYS ARE CITED AS NOT BEING UNUSUAL), IMPORTER MEMBERS ARE NOW FACED WITH THE NECESSITY OF MAKING SIX MONTH, NON-INTEREST-BEARING DEPOSITS WITH THE BANK OF ITALY EQUAL TO 50 PERCENT OF

UNCLASSIFIED

PAGE 02 MILAN 00758 311504Z

THE CIF VALUE OF THE IMPORTED GOODS.

3. WE UNDERSTAND THAT ASTRU WAS CREATED IN 1970 AND THAT ITS MEMBERSHIP INCLUDES BOTH ITALIAN MANUFACTURERS AND IMPORTERS.

4. ALL BUT ONE ITEM IN THE MTC JUNE BIO-MEDICAL SHOW (FIRST PHOTO) SUBJECT TO FIFTY PERCENT DEPOSIT REQUIREMENT.

5. COMMENT: "SOLE" ARTICLE SCATHINGLY STATES THAT THE REAL CULPRITS IN THE WHOLE AFFAIR ARE THE GOVERNMENT CONTROLLED HEALTH INSURANCE AGENCIES (MUTUE) WHICH ARE NOTORIOUSLY SLOW IN PAYING HOSPITALS, THUS FORCING LATTER TO FOLLOW SIMILAR COURSE VIS A VIS SUPPLIERS.

6. WE HAVE TALKED WITH MEMBERS OF ASTRU WHO WERE PRESENT AT THE MEETING. THEY ALL AGREE THAT WHILE THE DECISION REPORTED BY "SOLE" WAS INDEED APPROVED BY A MAJORITY OF THE MEMBERS PRESENT AND THAT THE SITUATION IS INDEED SERIOUS FOR MANY MEMBERS, THE ACTION WAS CLEARLY SEEN BY MOST TO BE A POLITICAL MOVE DESIGNED LARGELY TO PRESSURE THE GOVERNMENT TO FORCE THE "MUTUE" TO PAY THE HOSPITALS MORE PROMPTLY. IT IS ALSO SEEN AS A MOVE TO FORCE THE GOVERNMENT TO REMOVE THE FIFTY PERCENT DEPOSIT REQUIREMENT ON SCIENTIFIC AND SURGICAL INSTRUMENTS. FEW EXPECT HOSPITALS TO AGREE TO REQUESTED PAYMENT TERMS NOR DO THEY REALLY EXPECT THE GOI TO BE WILLING TO PUT MUCH EFFECTIVE PRESSURE ON THE MUTUE; THE EXCLUSION OF CERTAIN ITEMS FROM THE DEPOSIT REQUIREMENT IS ANOTHER MATTER. IN ADDITION, THE PEOPLE WITH WHOM WE HAVE TALKED DO NOT BELIEVE THAT THE ASSOCIATION IS STRONG ENOUGH TO PRESSURE ITS MEMBERS TO ACTUALLY CARRY OUT THE PROPOSED SUSPENSION. IT IS BELIEVED THAT A FEW FIRMS WHICH MAKE ONLY A SMALL PERCENTAGE OF THEIR SALES TO HOSPITALS MAY INDEED PUT THE SUSPENSION INTO FORCE. HOWEVER, FIRMS WHICH ARE MORE DEPENDENT ON SUCH SALES WILL HAVE NO ALTERNATIVE BUT TO CARRY ON AS USUAL. OUR CONTACTS DID AGREE, HOWEVER, THAT MANY SMALLER IMPORTING FRIMS IN THE SECTOR ARE INDEED IN A STATE OF LIQUIDITY CRISIS CAUSED BY THE ADDITION OF THE FIFTY PERCENT DEPOSIT REQUIREMENTS TO THE USUAL PAYMENTS STRETCH-OUT. EVEN THE MOST SOLVENT IMPORTERS ARE FEELING THE PINCH TO A CERTAIN EXTENT.

7. WITH REGARD TO THE SHORT AND MEDIUM TERM EFFECT OF THESE DIFFICULTIES ON THE SALE OF U.S. SCIENTIFIC AND MEDICAL INSTRUMENTS
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MILAN 00758 311504Z

TO ITALY, THE FIRST "FIRE-TEST" CAN BE EXPECTED TO BE THE BIO-MEDICAL SHOW AT THE MTC OPENING 4 JUNE.FINA

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 31 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MILAN00758
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740138-0316
From: MILAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974053/aaaaaclj.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: martinml
Review Comment: n/a
Review Content Flags:
Review Date: 05 NOV 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 NOV 2002 by boyleja>; APPROVED <08 JAN 2003 by martinml>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEMBERS OF ITALIAN ASSOCIATION OF SCIENTIFIC AND SURGICAL INSTRUMENTS VOTE TO SUSPEND SALES TO
TAGS: BEXP, BTRA, IT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005